

## Message Text

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PAGE 01 CANBER 00679 290628Z

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ACTION AGR-08

INFO OCT-01 EUR-12 EA-07 NEA-10 ISO-00 EB-07 COME-00

TRSE-00 CIAE-00 INR-07 NSAE-00 OMB-01 /053 W  
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R 290448Z JAN 76

FM AMEMBASSY CANBERRA  
TO SECSTATE WASHDC 7366  
INFO AMEMBASSY LONDON  
AMEMBASSY NEW DELHI  
AMEMBASSY OTTAWA  
USLO PEKING  
USMISSION OECD PARIS

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STATE PASS AGRICULTURE FOR MEEKER AND NOVOTNY

EO 11652: NA

TAGS: EAGR, ETRD, AS

SUBJ: AUSTRALIA NEGOTIATES NEW WHEAT CONTRACT WITH PRC

REF: CANBERRA 0263 (NOTAL)

1. AWB MISSION TO PEKING RETURNED THIS WEEK AFTER PERIOD OF  
STRENUOUS NEGOTIATIONS ON NEW WHEAT CONTRACT UNDER LONG TERM  
AUSTRALIA/PRC AGREEMENT. GOA SPOKESMAN INDICATED PRC OFFICIALS  
TOOK HARD LINE IN VIEW HIGHER THAN EXPECTED SOUTHERN HIMISPHERE  
WHEAT CROPS AND OFFERED AWB TEAM ABSOLUTE BARGAIN PRICE FOR  
1.5 TO 1.8 MILLION TON CONTRACT STIPULATED UNDER AGREEMENT.  
AWB SUSPECTS THIS WAS PLOY TO AVOID HAVING TO TAKE UP AGREED  
QUANTITY. FINAL PRC OFFER HAD TO BE REFERRED TO FULL BOARD  
MEETING IN MELBOUREN ON JANUARY 22, AND WAS REJECTED. PARTIES  
FINALLY AGREED ON CONTRACT FOR 700,000 TONS ASW WITH AWB OPTION  
TO INCLUDE SMALL QUANTITIES PRIME HARD, HARD AND OFF-GRADE  
WHEAT FOR SHIPMENT DURING MARCH/NOV 1976 ON USUAL 12  
MONTH TERMS. THIS IS FINAL YEAR OF LONG TERM AGREEMENT  
FOR A TOTAL OF 4.1 MILLION TONS MINIMUM, AND LATEST CON-  
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PAGE 02 CANBER 00679 290628Z

TRACT BRINGS VOLUME SOLD TO 3.3 MILLION TONS. IT REMAINS

TO BE SEEN WHETHER PRC WILL TAKE UP REMAINING 800,000 TONS  
LATER THIS YEAR. THIS WILL DEPEND ON PRC CROP AND MARKET  
OUTLOOK AT THAT TIME.

2. AWB ALSO SOLD 600,000 METRIC TONS OF ASW TO INDIA THIS  
WEEK FOR CASH AND SHIPMENT DURING APRIL/NOVEMBER 1976,  
BRINGING TOTAL INDIAN PURCHASES OF AUSTRALIAN WHEAT THIS  
YEAR TO 800,000 TONS.

3. WITH THESE TWO SALES AND EXISTING CONTRACTS WITH EGYPT,  
USSR, AND OTHERS ABOUT 6 MILLION TONS HAS FINALLY FIRMLY  
COMMITTED, WHILE TRADITIONAL MARKETS WILL PROBABLY TAKE  
ABOUT 2 MILLION TONS. ON THIS BASIS IT APPEARS THAT AWB  
STILL HAS 1 MILLION TONS TO BE SOLD FROM 9 MILLION EXPORT-  
ABLE SURPLUS FOR 1976.

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## Message Attributes

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